

GENERAL INFORMATION

ADVERTISING ISSUES – 201 KAR 11:105

Licensees are allowed to advertise the listings of another brokerage company, if the licensee obtains the listing broker's consent and the advertisement includes the listing company's complete firm name. Buyer brokers may also advertise their participation in the sale after the contract is binding.

Also, a broker must have written consent before placing a sign on a listed property.

APPLICANT INSTRUCTIONS FOR EXAMINATION AND LICENSING – KRS 324.046

- (1) Contact the Commission for examination and license application information or check the website www.krec.ky.gov.

- (2) The requirements for licensure are as follows: (Each semester credit hour is equal to 16 clock hours.)

Broker

- 21 semester credit hours from an accredited college or university (must include 12 credit hours of real estate courses & 3 hours shall be in a brokerage management skills course).

Or

- 336 clock hours in real estate from a Kentucky Commission approved private school (48 hours must be in a brokerage management skills course).

Sales Associate

- 6 semester credit hours in real estate from an accredited college or university.

Or

- 96 clock hours in real estate from a Kentucky Commission approved private school.

- (3) **ALL** education courses must be completed **PRIOR** to taking the exam. Broker candidates must have also fulfilled the experience requirements.

- (4) Questions regarding acceptance of specific courses should be directed to the Commission **PRIOR** to taking the exam. Exam scores may be voided if it is later discovered that the education and experience requirements have not been met. Exams are administered electronically at various locations. To make a reservation, you need to call the exam provider. Testing information is available on our website at www.krec.ky.gov. Candidate handbooks are available from your pre-license education provider.

- (5) **All** persons applying for a Kentucky real estate license (including applicants for a sales associate's license, a broker's license and applicants for a reciprocal license) will be required to submit proof of an FBI Identification Records Check (criminal background check). The FBI Identification Records Check must be submitted to the Commission as part of the application for a real estate license. Applicants must request the forms from their local law enforcement agency, state police or the FBI. The

applicant must take the form to the police department in order to be fingerprinted. Most county sheriff's departments, some city and county police departments or any state police post should be able to take your fingerprints. If you have problems with your fingerprint card, please contact the Commission for specific procedures. If the returned criminal background check reveals either a misdemeanor in the past five (5) years or a felony at any time, the applicant must submit the report and fingerprint card to the Commission within five (5) days. The Commission will investigate the conviction and either order a hearing or allow the applicant to proceed without a hearing. The Commission recommends that applicants apply for the background check about 12 weeks before taking the examination. Applicants may take the test as long as they have completed the fingerprint process and have mailed their request to the FBI for the background check to be completed. **The criminal background check is only valid for six (6) months.** As always, applicants must complete all required coursework before taking the examination. For more information, please check our website (www.krec.ky.gov).

- (6) Candidates **must** apply for a license within 60 days of the test date.

AUCTIONEERS

Pursuant to an opinion of the Attorney General, OAG 65-759 dated October 20, 1965, a licensed real estate broker may not sell real estate at auction without an auctioneer's license and a licensed auctioneer may not sell real estate at auction without a real estate broker's license. It shall be considered improper dealing for an auctioneer to engage in any practice to obtain or negotiate a contract for the sale of real estate at auction, or to advertise, or conduct a sale of real estate at auction, without a license issued by the Kentucky Real Estate Commission.

However, there is nothing in this opinion to prevent a licensed real estate broker and a licensed auctioneer from participating jointly in such transactions for the sale of real estate at auction.

CHANGE OF BROKER AFFILIATION – KRS 324.310, 330

When the affiliation between a principal broker and a licensee ends, the following steps must be taken:

- (1) The principal broker must immediately forward the license to the Commission and sign the release statement on the back of the license.
- (2) The principal broker must send a communication to the sales associate indicating the release.
- (3) The Commission will send a notice to the licensee giving them 30 days to locate a new principal broker.
- (4) The new principal broker must forward a letter of acceptance to the Commission with a check made payable to the Kentucky Real Estate Commission in the amount of \$10.

Errors and omission insurance coverage must be in effect.

ATTENTION PRINCIPAL BROKERS: If a sales associate requests a license release or the Commission requests the return of a license, **you must do so immediately**. The Commission has a five (5) day policy on returning licenses. If the license is not returned within the five (5) day period, the Commission may proceed with a complaint procedure.

CHANGE OF LICENSE INFORMATION – KRS 324.330

A new license must be issued when a business address or firm name is changed. To make this change, use the following procedure:

- (1) Send all licenses to the Kentucky Real Estate Commission.
- (2) Outline in writing what change is to be made.
- (3) Attach a check made payable to the Kentucky Real Estate Commission at a cost of \$10 per license.

All licensees must notify the Commission of a surname change. Follow the above outlined process.

COMPLAINT AND HEARING PROCEDURES – KRS 324.151

If a person has a complaint against a real estate licensee, the Kentucky Real Estate Commission should be contacted for a complaint form and a copy of the statutes. Licensees against whom a complaint has been filed must follow the statutory provisions. For a complaint form, go to our website (www.krec.ky.gov) and click on Catalog of Documents and Forms, document #701.

In addition, information regarding hearing procedures before the Kentucky Real Estate Commission is available. For further information, contact the Commission staff.

CONTINUING EDUCATION – 201 KAR 11:230

All licensees not exempt from the continuing education requirement must complete six (6) hours of continuing education **each year** with three (3) of the hours in an approved law course. All licensees who were originally licensed in Kentucky prior to June 19, 1976 are exempt. All licensees subject to the continuing education requirements must complete the Kentucky Core Course once every four years. The Core Course will satisfy the licensee's continuing education requirements for the calendar year in which it is taken. The course is a six-hour comprehensive review of the federal and state laws relating to the practice of real estate. For a list of approved providers and a schedule of the Core Course, licensee can check the Commission's website at www.krec.ky.gov.

New licensees (first time exam and reciprocal applicants) will be assigned to the appropriate year in the Core Course cycle based on their birth month. All licensees who are required to complete the Core Course within any given year will receive a courtesy postcard notice from the Commission in January.

EARNEST MONEY DEPOSITS – KRS 324.111 (4)

Earnest money deposits or contract deposits that have been placed into a broker's escrow account cannot be legally removed without performance on the contract, a mutual release signed by both parties or a court order.

ESCROW OF LICENSES – KRS 324.310

In order to place a license in escrow, the following steps must be taken:

- (1) The principal broker must sign the release statement on the back of the license and mail it to the Commission; and
- (2) The licensee must send a letter indicating that they want to place their license in escrow, provide a current residence address and attach a check for \$10 made payable to the Kentucky Real Estate Commission.

When a licensee is in escrow, the licensee **cannot engage in any real estate activities**. Also, the licensee will be required to pay the **annual renewal and recovery fund fees during the month of March**. In addition, the escrowed licensee must maintain a **current home address**. After the license has been placed in escrow, the individual will receive a letter outlining the responsibilities referenced above. The licensee will also continue to receive Commission newsletters to keep them updated on real estate matters.

When a person wishes to reactivate their license, they must take the following steps:

- (1) The licensee is required to obtain a letter of acceptance from a principal broker, pay the activation fee of \$10, purchase errors and omissions insurance, and meet the continuing education requirement (agents licensed prior to June 19, 1976 shall not be required to take continuing education).
- (2) If a licensee has not completed the Kentucky Core Course within the previous four years, then the core course must be taken before the license can be changed from escrow to active.
- (3) Brokers wishing to open their own firm must pay the activation fee of \$10, purchase errors and omissions insurance, provide a letter stating the firm name and business address, and provide a letter signed by a bank official verifying the establishment of an escrow account and the account number.

ERRORS AND OMISSIONS INSURANCE – KRS 324.395 & 201 KAR 11:220

Those persons becoming licensed in Kentucky or whose licenses are being renewed must have errors and omissions insurance. This coverage can be obtained independently from one's own insurance agent or purchased from the group insurance provided by the Kentucky Real Estate Commission. For a certification of insurance form for those privately insured or information on the group program, please refer to our website at www.krec.ky.gov under Catalog of Documents and Forms, Document #500.

HOME ADDRESS CHANGE – KRS 324.330

Any licensee who is changing his or her residence address must notify the Commission in writing within ten days of the address change. Simply send a postcard or letter to the Commission office. There is no charge for this change.

LICENSE RENEWAL – KRS 324.090

- All licenses expire on March 31 of each year and must be renewed on or before that date. Under the statute, failure to receive a notice of renewal is not an excusable reason for failing to renew.
- Each principal broker is responsible for renewing the licenses of all sales associates and brokers. A renewal notice will be sent to each principal broker.
- Failure to renew on time will result in a fine of \$100 for the first 45 days after the deadline. A fine of \$200 is in effect for the remainder of that license year. The renewal must be postmarked or hand-delivered to the Commission office on or before March 31.
- Each licensee will now receive a permanent license. New licenses will no longer be issued each year at renewal.

LISTING AND PURCHASE CONTRACTS – 201 KAR 11:250

Any agreement for compensation from a licensee to his or her client must be in writing. This includes rebates and inducements.

MEGAN'S LAW

Megan's Law requires individuals who have been convicted of sexual crimes to register with law enforcement officials once they are released from incarceration. Kentucky has a sex offender registry. Consumers can find out if there are any registered sex offenders in their neighborhood by contacting the local sheriff or by logging on the Kentucky State Police website at Kentuckystatepolice.org.

MULTIPLE OFFERS – 201 KAR 11:045

Licensees must submit all written offers to their clients as soon as possible. If a licensee receives more than one written offer on a piece of property, he or she must submit all of those offers as soon as possible.

RECIPROCAL LICENSES – KRS 324.141

In accordance with KRS 324.141, the Kentucky Real Estate Commission has entered into reciprocal licensing agreements with various states. A complete list of those states can be viewed on our website at www.krec.ky.gov. If a Kentucky real estate licensee desires another state's license through reciprocity, contact us to determine whether a reciprocal licensing agreement exists. Other states will require a certification of licensure from the Kentucky Commission. The certification that a license is in good standing can be obtained

from the Commission by sending a written request and a \$10 check or money order.

Out-of-state licensees who desire a Kentucky license through reciprocity should also contact the Kentucky Commission. An application and instructions will be forwarded to them if they qualify for reciprocal licensing.

RECORDS RETENTION – 201 KAR 11:062

Brokers are required to retain records for five (5) years. Seller Disclosure Forms and Agency Disclosure Forms are specifically listed, as forms required to be retained.

A broker must now retain any written offers to lease or purchase, whether they were accepted or rejected.

STIGMATIZED PROPERTIES – KRS 324.162

A stigmatized property is one that has a stigma based upon some event or some fact relevant to the property, such as murder, suicide, violent crime or the presence of ghosts. If a buyer is interested, he or she should ask the seller about any possible stigmas. If a seller is asked specific questions, he or she must answer those questions honestly. However, under KRS 324.162, licensees do not have an affirmative duty to disclose anything about a property that is not specifically required to be disclosed under KRS 324 and the applicable regulations or under applicable federal law. Examples of these are the stigmas listed above and Megan's Law.

UNLICENSED PERSONAL ASSISTANT DUTIES – 201 KAR 11:440

This regulation explains what duties an unlicensed personal assistant, office worker, or clerical worker can and cannot perform. It also details the responsibilities of supervising an unlicensed individual. For a comprehensive overview, please reference the regulation. To obtain a detailed Personal Assistant Guidelines sheet, please check our website at www.krec.ky.gov.

WITHOUT UNREASONABLE DELAY – 201 KAR 11:011

Without unreasonable delay means that earnest money deposits should be deposited within three (3) business days of creation of a contract.